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PX17 Attachment T

Correspondence from US Merchant Systems obtained  
from office of Lindsey Martinez and Seth Davies



USMerchantSystems

US Merchant Systems  
48001 Fremont Blvd.  
Fremont, CA 94538  
Main: 800-655-8767  
[www.usms.com](http://www.usms.com)

4/4/14

Spark White Products  
Danielle Foss  
9233 Park Meadows Drive  
Lone Tree, CO 80124



Re: Chargeback Warning Letter  
Merchant #: [REDACTED]



Danielle,

This account had 86 incoming Chargebacks for the month of **March**. Based on these numbers, the chargeback percentage by dollar volume is 17.79% and by count is 6.56%.

**Please be advised that this chargeback trend is escalating at an unacceptable pace and requires your immediate attention.** If this is the result of a temporary business disruption, change in customer service protocols, inventory issues or otherwise, please advise the USMS Risk department immediately by replying to this email or by calling 800-655-8767 ext 2148.

Furthermore, lowering Chargebacks is required to avoid inclusion in the VISA MCMP (Merchant Chargeback Monitoring Program) and MasterCard ECM (Excessive Chargeback Merchant) monitoring programs and possibly being subject to fines from the card associations as well as ISO required increased reserve percentages.

Please fill the attached Chargeback reduction plan and return to our attention immediately.

Thank you,

Risk Department



# Business Name

**Business Name.**

**www.businesswebsite.com (If applicable)**

**1. Description of the Merchant Business**

*Description should provide clear understanding of who the merchant is, what they do and how they operate. Include merchant's business type, products/sales offered, the manner in which they conduct their business (retail, mail order, e-commerce, etc.) marketing channels/affiliates/third parties utilized to sell the products/services and a statement on the merchant's policy on credits and returns. Product samples and material may be submitted as well, but are not required.*

**Insert Text Here**

**2. Explanation of the Problem**

*Provide a thorough and detailed explanation of the merchant's business practices that led to the excessive chargebacks or fraud. Explanation of the problem should include supporting documentation, as well as quantitative and qualitative analysis of the chargeback/fraud trends that support determination of the root cause(s) of the problem.*

**Insert Text Here**

**3. Tools and Processes Currently Utilized**

*Provide a complete list of the fraud and chargeback-reduction tools currently utilized by the merchant (e.g., AVS, CVV2, negative database, velocity screening, third-party fraud-scrubbing service, etc.), the date each measure was implemented, the criteria/parameters/settings for the tools utilized, and the results or effectiveness of each tool.*

**Insert Text Here**

**4. Planned Chargeback/Fraud Reduction Initiatives and Tools**

*Provide a comprehensive list of the chargeback/fraud reduction initiatives and tools that are planned. The list should include each new tool or process as well as any modifications to existing fraud-reduction tools or processes. For each new or modified initiative, include implementation date(s), specific criteria/parameters/settings, and expected results from implementing these changes. For recently implemented changes, advise what trends, if any, you have seen.*

**Insert Text Here**

**5. Member Summary Statement**

*The Member must include a statement in indicating: 1) their commitment to work with the merchant to ensure the plan is implemented as agreed, and reduces the chargebacks/fraud below program thresholds; 2) their confidence that the Reduction Plan will succeed; 3) the anticipated date the merchant will be below program thresholds.*

**Insert Text Here**



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05/01/2014

Spark White Products  
Danielle Foss  
9233 Park Meadows Drive  
Lone Tree, CO 80124

Re: Reserve Increase.  
Merchant #: [REDACTED]

Dear Danielle Foss,

This account had 117 incoming chargebacks for the month of April. **Please be advised that this chargeback trend is escalating at an unacceptable pace and requires your immediate attention.** Due to this being above industry standards, we will be implementing a 5% increase to your reserve in order to mitigate additional risk posed by your account.

We want to stress that these measures are being enacted in order to protect both you and your business along with USMS from future losses related to chargebacks. Your business is extremely important to us and these measures are paramount to maintaining the integrity of your business. USMS has set up the following dedicated phone line 800-655-8767 ext 2148 should you have any questions or concerns.

Thank you,

Risk Department